



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 2, 2001

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **PROGRAM AND FISCAL MONITORING OF COMMUNITY AND SENIOR
SERVICES' FISCAL YEAR 2000-2001 DISPUTE RESOLUTION
PROGRAM SERVICE PROVIDERS**

The Board of Supervisors has designated Community and Senior Services (CSS) to administer the Dispute Resolution Program (DRP). The program is funded through surcharges on court filing fees that are authorized by the State Dispute Resolution Act of 1986. The program offers residents of Los Angeles County the opportunity to voluntarily resolve minor disputes with the assistance of a neutral mediator/conciliator, rather than resort to lengthy formal legal proceedings in court. CSS must ensure that these funds are utilized by their subcontractors (service providers) in accordance with Program requirements.

CSS requested program and fiscal monitoring reviews of their Fiscal Year 2000-2001 service providers receiving DRP funds. We contracted with Strabala Ramirez & Associates, CPAs (Strabala) to conduct the monitoring. Strabala's monitoring provided CSS with an early warning of problems related to the service providers' compliance with applicable County and State regulations, which govern the DRP.

Strabala completed their monitoring for Fiscal Year 2000-2001 and has separately reported the results of their monitoring reviews for the 18 service providers (see Attachment I). Their final reports contained a total of 97 recommendations of which 60 were implemented to Strabala's satisfaction at the time they completed their follow-up reviews. The 37 outstanding recommendations pertained to deficiencies related to fiscal/accounting issues, contract compliance and unmet performance goals. CSS informed us that they have resolved the remaining deficiencies with the service providers.

Additionally, Strabala's Management Letter (Attachment II) included 3 recommendations related to CSS's administration of the DRP. CSS's response to the management letter is included in Attachment III.

All reports were discussed with CSS and the service providers. Because of the number of service provider reports, copies of individual reports are not enclosed, but are available for your review.

Please call me or have your staff call Don Chadwick at (213) 974-0333 if you wish to review any reports.

JTM:DR

Attachments

C: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Robert Ryans, Director
Ester Soriano, DRP Compliance Officer
Public Information Office
Audit Committee

**SERVICE PROVIDERS
2000-2001 DISPUTE RESOLUTION PROGRAM**

1. A. Milton Milner Fund d.b.a. Western Law Center for Disability Rights
2. Asian Pacific American Legal Center of Southern California, Dispute Resolution Center
3. California Academy of Mediation Professionals
4. California Lawyers for the Arts, Arts Arbitration and Mediation Services
5. Center for Conflict Resolution
6. Centinela Valley Juvenile Diversion Program - Mediation and Restitution
7. City of Monrovia - The Mediation Institute
8. City of Norwalk Consumer Rental Mediation Board
9. Claremont Dispute Resolution Center
10. Inland Valley Justice Center, Inc. (IVJC)
11. Korean American Coalition
12. Los Angeles County Bar Association, Dispute Resolution Services, Inc.
13. Los Angeles County CSS – Voluntary Mediation Services
14. Los Angeles County Dept. of Consumer Affairs, Dispute Settlement Services
15. Los Angeles Superior Court
16. Loyola Law School, The Center for Conflict Resolution
17. Martin Luther King Legacy Association, Martin Luther King Dispute Resolution Center
18. Offices of the Los Angeles City Attorney, Dispute Resolution Program



STRABALA RAMIREZ

& Associates, Inc.

Certified Public Accountants & Consultants

June 15, 2001

Mr. J. Tyler McCauley
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

Dear Mr. McCauley:

In accordance with Work Order 5-59, we have prepared this Management Letter on the administration of the Community and Senior Services (CSS) internal accounting controls and administration of the Dispute Resolution Program.

During the course of our monitoring, the following issues came to our attention as potential areas that may warrant corrective action.

Service Provider Issues

We noted several service providers continue to have problems compiling their reports and maintaining their records in accordance with CSS current policies.

The following are the actions that CSS currently takes to help providers compile the reports and maintain records:

1. A contractor conference is held at the beginning of the program year. Handouts and examples of filled-in forms are given to the providers by CSS staff.
2. Case management meetings are held to ensure that the providers are up to date on current laws affecting the administration of their program.
3. CSS staff assists providers, by phone, and will provide on-site assistance to help resolve issues if necessary.

Recommendation:

We feel that the abovementioned steps help in assisting providers in compiling reports and maintaining records in accordance with CSS's current policies. However, we believe the providers themselves should be more accountable for administering their own controls.

The following recommendations will help ensure that the providers are administering their own controls for compiling reports and maintaining records:

1. Documentation in the case file of supervisor's quality control review. This will help ensure that mediations and conciliations are conducted properly and that case files contain all CSS required documentation.
2. Clarification with providers that strict adherence to the monthly allocation of salaries and wages that were agreed upon per the contract must be followed when compiling reports.

CSS Issue

We noted four of the eighteen Exhibits "B" contained in the contracts of the service providers were incorrectly calculated.

The following recommendation will help ensure that CSS is administering its own controls for maintaining the contracts.

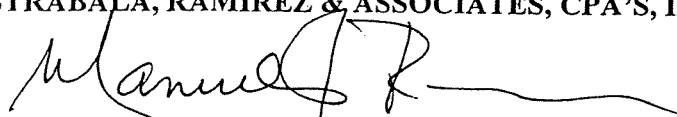
Recommendation:

We feel CSS should review the contracts and recalculate each Exhibit "B" to verify that the numbers are correct before issuing to providers. It should be noted that two of the four service providers submitted modifications for the miscalculated exhibits and those modifications are in compliance.

We appreciate the opportunity to work with the County in the administration of the Dispute Resolution Program. If we can be of any further assistance, please do not hesitate to contact us.

Very truly yours,

STRABALA, RAMIREZ & ASSOCIATES, CPA'S, INC.

A handwritten signature in black ink, appearing to read 'Manuel J. Ramirez', followed by a horizontal line.

Manuel J. Ramirez, CPA, MST, DABFA
President/CEO
MJR/my



ROBERT RYANS
Acting Director

**COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY**


Attachment III

BOARD OF SUPERVISORS

GLORIA MOLINA
YVONNE BRATHWAITE BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

July 23, 2001

To: J. Tyler McCauley, Auditor-Controller

From: Robert Ryans, Acting Director 

Subject: **DISPUTE RESOLUTION PROGRAM (DRP) FY 2000-01 – RESPONSE TO STRABALA, RAMIREZ AND ASSOCIATES, INC. MANAGEMENT LETTER**

We have reviewed the management letter on the administration of the Community and Senior Services' (CSS) internal accounting controls and administration of the Dispute Resolution Program by Strabala, Ramirez and Associates, Inc.

In response to Note #1, Service Provider Issues and Recommendations, we have implemented the following in FY 2000-01.

1. At the DRP Contractors' Conference, the emphasis on internal controls/ administrative reviews to comply with CSS required documentation and contract compliance was stressed as a requirement of service providers. A DRP Policy Bulletin will be issued in August 2001 requiring written procedures for quality control of reports and case files.
2. DRP Administration issued **DRP Contractors' Handbooks** at the beginning of the fiscal year. The handbooks include: 1) contract/agreement highlights; 2) DRP Bulletins; 3) Standard Forms for monthly program and case information reports, fiscal invoice w/ instructions, generic month planning calendar, contract documents, attachments and exhibits, 4) Conference reporting and Annual Plan Training forms, 5) DRPA Act and Regulations.
3. DRP Administration in FY 2000-01, also initiated DRP follow-up site visits, conducted twice a year, to follow-up SRA Phase I and II reports, offer technical assistance as well as a more in depth case file review that is beyond the scope of the SRA Work-Order.
4. **CSS Issue:** The incorrectly calculated Exhibit "B" contracts were due to mid-year salary increases and in-kind contributions exceeding their original contract document. The contracts were corrected through contract modifications.

If you have any questions regarding this matter, please call me or your staff may contact Henry Knowls, Program Manager at (213) 738-2644.